

FISCAL NOTE

SB 2894

February 27, 2004

SUMMARY OF BILL: Exempts educational savings plans from state or local taxation.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - The provisions of this bill will result in forgone revenue to state or local governments. The amount of such forgone revenue is estimated to be not significant in fiscal years 2003-04 and 2004-05 since such educational plans are relatively new and the total number of Hall income taxpayers currently participating is relatively small. Additionally, since the Tennessee 529 plan is currently exempt, this bill would extend that exemption to out-of-state plans whose interest and dividends are difficult, if not impossible, for the Department of Revenue to collect. However, due to the fact that such plans are not taxable at the federal level, it is expected that their popularity will cause them to grow quickly, resulting in forgone revenue to state and local governments that may become significant over time.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

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